VIRGINIA ELECTRIC AND POWER COMPANY
RICHMOND, VIRGINIA 23261

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U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555

Serial No. 94-622
NL&P/JBL: R2
Docket Nos. 50-338
50-339
License Nos. NPF-4
NPF-7

Gentlemen:

**VIRGINIA ELECTRIC AND POWER COMPANY
NORTH ANNA POWER STATION UNITS 1 AND 2
REDUCED NRC REVIEWS AND INSPECTIONS
COST BENEFICIAL LICENSING ACTION**

Virginia Electric and Power Company plans to replace the North Anna Unit 2 steam generators in the spring of 1995. The activities associated with this replacement project are essentially identical to the North Anna Unit 1 steam generator replacement (SGR) implemented in the spring of 1993. Given the short time interval and minor differences in implementation between the two replacement efforts, we are requesting a reduction in the scope of NRC reviews and inspections for the Unit 2 SGR activities. Based on the costs associated with the North Anna Unit 1 SGR, the estimated cost savings for reduction of NRC reviews and inspections for the Unit 2 steam generator replacement is $109,000 (reference Table 1). Therefore, this request meets the NRC criteria for a cost beneficial licensing action (CBLA).

The North Anna Unit 2 steam generator replacement will be performed by the same project management team, the same contractor, and essentially the same station management as used for the Unit 1 replacement. The Unit 2 steam generator replacement project will use essentially the same project scope and sequence of activities, materials, cutting and welding techniques, radiological protection controls, security measures, heavy load lifting controls, transportation and safety controls, and return-to-service testing as the Unit 1 replacement. The same quality assurance program and quality inspectors will dictate the standards for conduct of steam generator replacement activities. The only significant difference between the Unit 1 and Unit 2 replacement outages is in the timing for cutting the biological-shield walls. For Unit 1, the biological-shield walls were cut during the outage preceding the replacement. For Unit 2, the biological-shield walls will be cut during the replacement outage. The actual wall cutting activity is the same.

By thorough planning and attention to detail, the North Anna Unit 1 steam generator replacement project was completed safely, economically, with minimal occupational exposure, and within schedule. The Unit 1 SGR project team studied replacement of

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steam generators in accordance with 10 CFR 50.59 performed by other utilities. The lessons learned by these evaluations and the project teams commitment to quality contributed to the schedular and ALARA achievements of the project. Subsequent to its return to service, Unit 1 completed its next cycle (518 days) with no safety or operating performance concerns. Inspection of 2 of the 3 new steam generators during the September 1994 refueling outage indicated no degradation. This level of operating performance reflects the level of quality in maintenance during the replacement outage as well as the design and construction of the replacement steam generators. The Unit 1 SGR project serves as an important example for the replacement of the Unit 2 steam generators. The Unit 1 SGR level of performance and skill is expected for the Unit 2 replacement.

The company's management of the project and attention to safety was recognized by the NRC's SALP 1 rating of North Anna Power Station, reported August 18, 1993, following the Unit 1 SGR.

As with the Unit 1 replacement, the North Anna Unit 2 steam generator replacement will be performed in accordance with the provisions of 10 CFR 50.59. This rule allows changes to be made to the facility without prior NRC approval as long as the proposed change does not involve a change in the Technical Specifications or an unreviewed safety question. Although not required by the regulations, the North Anna Unit 1 steam generator replacement was thoroughly reviewed by the NRC.

Because the replacement activities for the Unit 2 steam generator replacement will be the same as for Unit 1, the NRC has already reviewed the significant aspects of the Unit 2 replacement. Therefore, Virginia Electric and Power Company proposes the elimination or significant reduction of NRC reviews and inspections related to the North Anna Unit 2 steam generator replacement project as a cost beneficial licensing action.

Should you have any questions, please contact us.

Very truly yours,

James P. O'Hanlon

James P. O'Hanlon
Senior Vice President - Nuclear

Attachment

cc: U.S. Nuclear Regulatory Commission
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Mr. R. D. McWhorter
NRC Senior Resident Inspector
North Anna Power Station

Table 1

Summary of NRC Review and Inspection Costs for the
North Anna Unit 1 Steam Generator Replacement

Inspection / Review	Approx. Cost
NRC Region II Engineering Branch inspection and a third Resident Inspector for the Unit 1 SGR activities.	$ 44,000
NRC Region II Radiological Protection and Emergency Preparedness Branch inspection of Unit 1 SGR activities.	$21,000
NRC Office of Nuclear Reactor Regulation audit / review of Unit 1 SGR safety evaluations.	$40,000
NRC Region II Operations Branch inspection of the heavy loads program.	$4,000
Total	$109,000